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18 May 1960

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# CENTRAL INTELLIGENCE BULLETIN



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**I. THE COMMUNIST BLOC**

Khrushchev might initiate action on way home from Paris leading toward separate East German peace treaty.

①

**II. ASIA-AFRICA**

Progress toward Cyprus settlement remains slow; Makarios reference to 'deadlock' apparently tactical.

②

Indonesia--Communists take initiative in mass demonstrations against Dutch reinforcement of New Guinea.

③

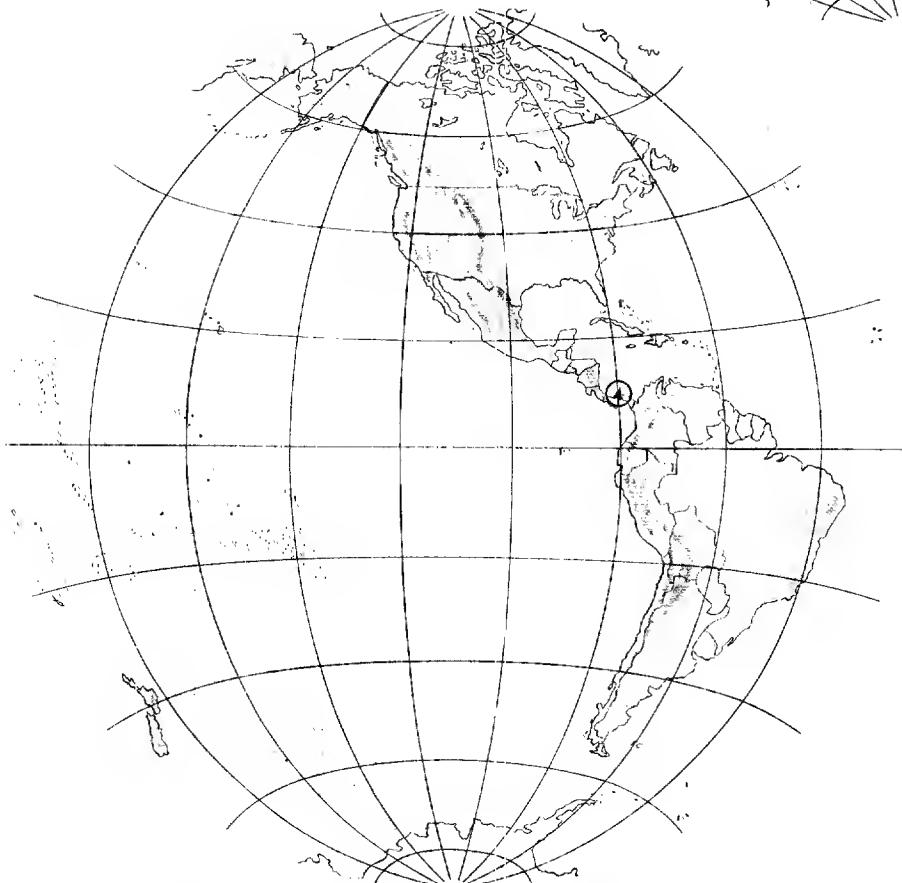
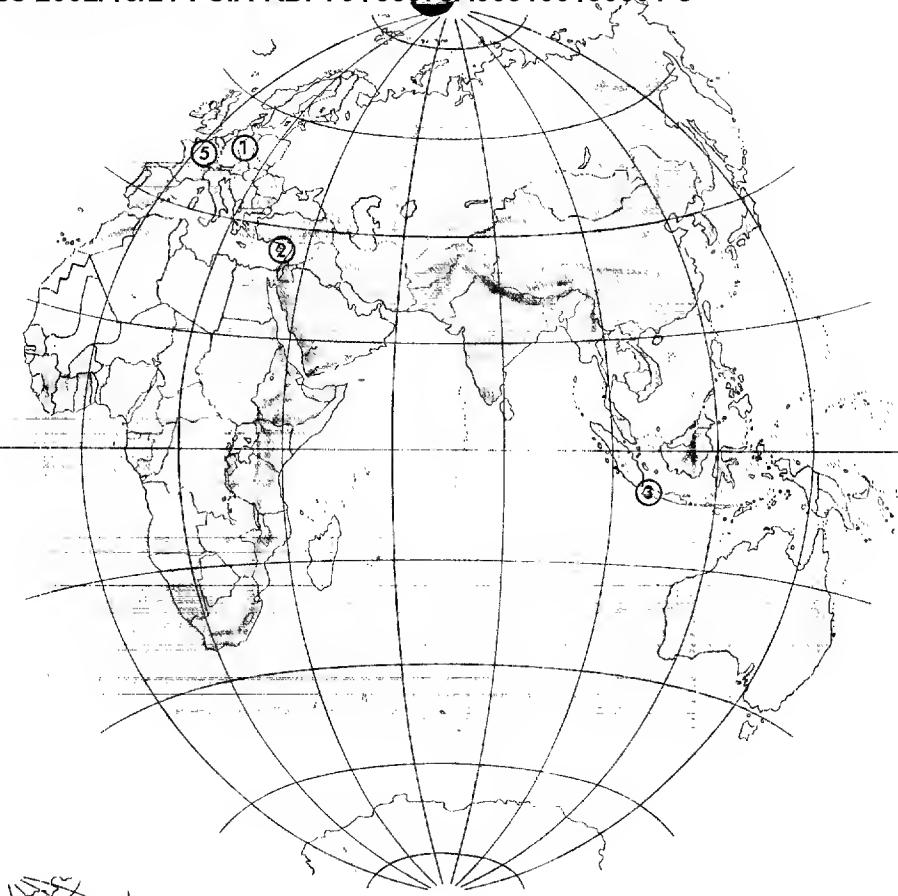
**III. THE WEST**

Panama--Appeal to electoral tribunal causes further delay in announcement of 8 May presidential election results.

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Highlights of world reaction to summit developments--Page 4.

⑤



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## CENTRAL INTELLIGENCE BULLETIN

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### DAILY BRIEF

#### I. THE COMMUNIST BLOC

*N<sup>o</sup>*  
\*USSR: Khrushchev may start action on a separate peace treaty with East Germany on his way home from Paris. To protract, without actually implementing, the threat of denying the West the right of access to Berlin, and to minimize the risks inherent in such a course, Khrushchev could use several devices such as setting a date for an international peace treaty conference, initialing a draft treaty with the announced intention of ratification at a later date, specified or unspecified, or stringing out the ratification process. This would give further time to assess Western reaction, but would nonetheless carry the USSR a significant and inexorable step further toward a unilateral denunciation of Western rights in West Berlin.

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#### II. ASIA-AFRICA

*N<sup>o</sup>*  
Cyprus: [Progress toward a Cyprus settlement remains slow, but Archbishop Makarios' 16 May statement terming the negotiations "deadlocked" does not accurately reflect the continuing intensive efforts behind the scenes to reach agreement. Makarios' statement, outlining the problems still to be resolved, appears designed primarily to bolster his prestige on Cyprus and place the onus on London for the developing Cypriot economic problems. Accordingly, his warning that the Cypriots would be forced to alter their policy toward Britain unless London changes its attitude in the negotiations probably does not presage any immediate change in the security situation on the island.]  
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*OK*

Indonesia-Netherlands: The Indonesian Communist party is benefiting from the mounting public indignation over the announced Dutch intention to send reinforcements to Netherlands New Guinea in the near future. Anti-Dutch student demonstrations, coordinated by the Communists, occurred in four major cities in Java over the week end. The government is aware that the Communists are using the issue to increase their own prestige, but sees no way to interfere with what purport to be spontaneous expressions of patriotic indignation. Meanwhile, in an apparent show of force, the Indonesian Navy is conducting naval and air exercises near New Guinea.

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### III. THE WEST

*OK*

Panama: Announcement of the official results of Panama's 8 May presidential election, previously expected on 16 May, will be postponed pending a ruling by the election tribunal. Ricardo Arias, the government's candidate, has filed charges of improper election procedures. The electoral law provides for a delay of as much as 15 days to determine the validity of challenged ballots. President de la Guardia and National Guard commander Vallarino are reportedly continuing to resist strong pressure from leaders of the governing party to invalidate the election, which apparently was won by opposition candidate Roberto Chiari. Violence is possible if the official announcement does not proclaim Chiari the winner.

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\*For highlights of world reaction to summit developments, see Page 4.

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DAILY BRIEF

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## I. THE COMMUNIST BLOC

## II. ASIA-AFRICA

### Cyprus Negotiations

[Little progress has been reported recently in the negotiations between the British and the Cypriots. British Colonial Under Secretary Julian Amery has remained on Cyprus and is in contact with Archbishop Makarios and Turkish Cypriot leader Fazil Kuchuk. Makarios has twice labeled the talks "deadlocked," most recently in a statement on 16 May. The American consul general in Nicosia, however, reports that intensive efforts are being made behind the scenes in an attempt to find an acceptable compromise solution for the remaining problems.]

[The prolonged dispute over the total area of the British military bases to be retained by London after independence was settled in late April. The remaining problems involve: (1) the future of the bases if Britain abandons them, (2) the exact boundaries of the bases, (3) civil administration within the bases, and (4) British economic aid to the new republic.]

[Makarios insists on a statement that London will transfer the bases to Cyprus if the British ever abandon them. The British have countered that no statement is needed, as they have no thought of withdrawing and the bases are fully under their sovereignty. Privately British officials have indicated belief that acceptance of Makarios' demand would stimulate early attempts by the Cypriots to force the British to abandon the bases. The boundary problems stem from the Cypriot desire to maintain corridors through the base areas to link the villages which are within the areas but are not under British jurisdiction. The disputes over administration of the bases and potential British financial aid are both problems which have repeatedly escaped solution in past negotiations.]

[The warning by Makarios on 16 May that the Cypriots might have to change their tactics toward the British probably does not

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[indicate an imminent change in the security situation. Makarios appears to have issued his statement in order to bolster his faltering prestige among the Greek Cypriots and to blame the British for growing unemployment and economic stagnation.]

[the Archbishop displays no sense of urgency in the negotiations--apparently believing that time is on his side.]

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~~Communists Seize Leadership of Anti-Dutch Activity in Indonesia~~

The Indonesian Communist party (PKI) is promoting an anti-Dutch campaign based on the Netherlands' announced intention to send reinforcements to Netherlands New Guinea (West Irian) in the near future. Anti-Dutch student demonstrations--clearly coordinated by the Communists--occurred in four major cities in Java over the week end. Although aware that the Communists have seized the leadership on the West Irian issue, government officials, despite an army ban on demonstrations, are reluctant to crack down on activities which ostensibly reflect genuine national apprehension.

The PKI platform emerging from the demonstrations and previous resolutions includes severance of relations with the Dutch, seizure of remaining Dutch assets in Indonesia, submission of the dispute to the UN, and all-out support of President Sukarno.

The government has requested student demonstrators to await official orders and has urged that all anti-Dutch activities be channeled through the army-controlled West Irian Liberation Front. Both civilian and army officials appear to be awaiting the return of President Sukarno from his global tour in the presumption that he will undertake a government-controlled mass campaign. The President, however, is not expected to return before the first week in June, and if the Communists continue to exploit this issue at their present rate, Sukarno will be hard put to control the situation.

The Indonesian Navy, in an apparent show of force, is conducting naval and air training exercises in waters adjacent to West Irian. These reportedly include practice in convoy protection, torpedo attacks, mine laying, and commando tactics. The Foreign Ministry continues its approaches to Afro-Asian governments for cooperation in obstructing Dutch moves.

The West Irian issue increasingly diverts public attention from the anti-Communist, anti-Sukarno campaign of the Democratic League. The Communists are using the West Irian issue against the league, identifying both the Dutch and the league as opposed to President Sukarno.

### III. THE WEST

#### Reaction to U-2 Incident and Summit Developments

The limited Asian reaction received thus far has been surprisingly sophisticated over the U-2 incident and dismayed and critical of Khrushchev for his summit actions. Nevertheless, the United States has not escaped blame for provoking Khrushchev.

In Japan, initial official reaction blamed Khrushchev for the threatened breakdown of the summit meeting. Foreign Minister Fujiyama stated that Khrushchev is using the "spy plane" incident as an excuse for breaking off the talks because he feels there is no prospect of agreement on the German problem. The chairman of the left-wing Socialist party termed Khrushchev's action "regrettable" but said he understood the reason.

In Southeast Asia, there has been no high-level official comment yet on the U-2 incident and succeeding developments. Distress over the serious setback to hopes of a world detente was a major theme in widespread press commentary on the situation. While the comment was generally sympathetic to the American position in this matter, there was recurring criticism of the United States for handing the USSR a major propaganda issue.

India, while critical of the overflights in general, has played down the U-2 incident. New Delhi had placed much hope in the summit as a means of relieving world tension and is greatly concerned by the breakup of the meeting. Early Indian comments blame Khrushchev for making a propaganda play. Pakistani President Ayub has lodged a mild protest with the United States over the U-2 incident, but publicly has charged the USSR with overflying Pakistan.

Reaction of the nationalist press in Iraq has been relatively subdued, but pro-Communist newspapers have made intensive attacks on the U-2 incident. Radio Cairo, which had earlier treated the incident as constituting a major barrier to any progress at the summit, has alleged "the present tension has intentionally or unintentionally been created by certain groups in the United States." The Israeli press and radio regard the U-2 incident as a Soviet propaganda victory which Khrushchev is exploiting to the hilt. Turkish Foreign Minister

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[Zorlu in conversation with Ambassador Warren was genial and showed every desire to maintain a united front before the USSR. The Turkish Government intends to reply to the Soviet protest note of 13 May along lines acceptable to the United States.]

There has been little editorial comment in the African press except in Ethiopia and Tunisia, where the need for world peace and disarmament was stressed. Neither the United States nor the USSR was specifically blamed. [President Bourguiba of Tunisia complimented Secretary Herter for a "courageous and master stroke" in handling the matter publicly.]

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Khrushchev's actions in Paris have brought universal condemnation from the non-Communist press in Western Europe. Influential papers that had been most critical of American handling of the U-2 incident have applauded Western firmness. West German papers have likened Khrushchev's tactics to those of Hitler or "Stalin in his best days." French papers blame Khrushchev for the conference break, and speculate that some internal crisis which caused his brusqueness may point to his own weakness and possible loss of power in Moscow.

British papers all hold Khrushchev responsible for the turn of events, with the pro-Liberal Manchester Guardian noting that "while the British Government over the past 18 months has gained a reputation for supple diplomacy, it may now have to earn a reputation for firmness." The Laborite Daily Herald, which alone had unreservedly condemned the American role in the U-2 incident, on 17 April decided that President Eisenhower's statement had made it "impossible for Khrushchev to say he is being threatened by aggressive Americans, and it will be monstrous if he can still think of throwing the world's hopes in an ash can."

Limited non-Communist Latin American press opinion on the U-2 incident thus far has been moderately critical, but has expressed some sympathy for the US position and explanation. It has also reflected concern over the incident's effect on the summit meeting. The controlled Cuban press and radio for the most part have used the U-2 affair to bolster their charges of "US aggression" against the Castro regime.

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There has been virtually no official or unofficial opinion on summit developments. A Chilean radio has commented that Khrushchev "wants the talks to fail" so that "Ike will finish his presidential term with a great failure!"

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